

Message Text

UNCLASSIFIED

PAGE 01 SAN JO 05360 231853Z

63

ACTION OPIC-06

INFO OCT-01 ARA-10 ISO-00 AID-05 CIAE-00 COME-00 EB-07

FRB-01 INR-07 NSAE-00 USIA-15 TRSE-00 XMB-04 SP-02

CIEP-02 LAB-04 SIL-01 OMB-01 STR-04 /070 W

----- 009352

R 231730Z DEC 75

FM AMEMBASSY SAN JOSE

TO SECSTATE WASHDC 2361

UNCLAS SAN JOSE 5360

E.O. 11652: N/A

TAGS: EFIN, CS

SUBJECT: OPIC FINANCING FOR VALLEY WHOLESALE PALLET PROJECT

DEPT PASS OPIC (JACK MOORMAN)

1. EMBASSY HAS REVIEWED MATERIAL FORWARDED BY OPIC CONCERNING VALLEY WHOLESALE BUILDING MATERIALS PROJECT TO PRODUCE KNOCKED-DOWN PALLETS IN COSTA RICA FOR EXPORT TO U.S. MR. COBB OF VALLEY WHOLESALE HAS ALSO DISCUSSED PROJECT IN GENERAL TERMS WITH EMBASSY'S COMMERCIAL ATTACHE.

2. EMBASSY'S INITIAL IMPRESSION IS THAT THIS PROJECT WOULD HAVE A FAVORABLE DEVELOPMENT IMPACT IN COSTA RICA AND THAT IT WARRANTS CONSIDERATION BY OPIC. THE COSTA RICAN GOVERNMENT HAS GIVEN THE HIGHEST PRIORITY TO INCREASING EXPORTS, WHICH THIS PROJECT WOULD CERTAINLY DO (WE ARE AT A LOSS TO UNDERSTAND IMPLICATION IN OPIC'S DECEMBER 8 LETTER TO INVESTOR THAT PROJECT WOULD BE VIEWED MORE FAVORABLY IF IT DID NOT CREATE EXPORTS BUT PRODUCED GOODS FOR THE LOCAL MARKET. WE VIEW DEVELOPMENT PROJECTS MORE FAVORABLY IF THEY INCREASE EXPORTS).

3. THE PALLET PROJECT WOULD ALSO DIRECTLY EMPLOY ABOUT 200 PERSONS IN COSTA RICA, AND WOULD MAKE IT POSSIBLE TO EXPORT

UNCLASSIFIED

PAGE 02 SAN JO 05360 231853Z

A TYPE OF HARDWOOD THAT IS NOT SUITABLE FOR FURNITURE OR

PANELLING OR HIGHER VALUE USES. IT WOULD NOT HAVE LOCAL INVESTORS BUT WOULD PRODUCE INCOME FOR THE LOCAL LUMBER YARDS, FROM WHICH THE WOOD WOULD BE PURCHASED, AND WOULD INDIRECTLY CREATE LOCAL JOBS ON BACK TO THE WOOD-CUTTERS.

4. THE COSTA RICAN GOVERNMENT GIVES TAX HOLIDAYS FOR THE PURPOSE OF STIMULATING FOREIGN INVESTMENT. THIS REPRESENTS A TRADE OFF IN WHICH IMMEDIATE TAXES ARE SACRIFICED IN ORDER TO GAIN JOBS, TAXES ON THE INCOME FROM THE NEW JOBS, AND OTHER BENEFITS. WE DO NOT BELIEVE THAT A PROJECT SHOULD BE DOWNGRADED BECAUSE IT WOULD BE ELIGIBLE FOR TAX INCENTIVES. USE OF SUCH A CRITERIA SUGGESTS THAT IF THE LOCAL GOVERNMENT THINKS THAT A PROJECT IS OF SUFFICIENT DEVELOPMENT VALUE TO DESERVE INCENTIVES, WE SHOULD RESPOND THAT IT IS NOT OF DEVELOPMENTAL VALUE BECAUSE IT WOULD RECEIVE INCENTIVES.

5. THE PROPOSED PALLET PROJECT NECESSARILY WILL HAVE A LIMITED IMPACT BECAUSE IT IS A SMALL PROJECT. BUT WE THINK THE DEVELOPMENTAL VALUE IS HIGH IN PROPORTION TO THE INVESTMENT AND THAT AMONG SMALL PROJECTS THIS ONE WOULD HAVE A FAIRLY HIGH RATING AS TO DEVELOPMENTAL VALUE.

6. ASSUME OPIC DECISION RE FINANCING WOULD NOT AFFECT ELIGIBILITY THIS PROJECT FOR INVESTMENT INSURANCE. TODMAN

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: DEVELOPMENT FINANCE, PROGRAMS (PROJECTS)
Control Number: n/a
Copy: SINGLE
Draft Date: 23 DEC 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975SANJO05360
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750446-0255
From: SAN JOSE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19751215/aaaaamrv.tel
Line Count: 87
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION OPIC
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: KelleyW0
Review Comment: n/a
Review Content Flags:
Review Date: 23 JUN 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <23 JUN 2003 by ReddocGW>; APPROVED <28 JAN 2004 by KelleyW0>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: OPIC FINANCING FOR VALLEY WHOLESALE PALLET PROJECT DEPT PASS OPIC (JACK MOORMAN)
TAGS: EFIN, CS, OPIC
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006